

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 19105
[REDACTED],)	
)	DECISION
Petitioner.)	
_____)	

[Redacted] (petitioner) protests the Notice of Deficiency Determination issued by the auditor for the Idaho State Tax Commission (Commission) dated August 23, 2005, asserting additional income tax and interest totaling \$640 and \$3,426 for 2002 and 2003, respectively.

Some of the adjustments made by the auditor were agreed to and accepted by the petitioner. The representative for the petitioner argues that the following issues were not accurately determined by the auditor:

1. The alleged disallowance of a \$3,000 capital loss;
2. The alleged failure by the auditor to allow certain depreciation; and
3. The disallowance of a claimed bad debt deduction.

The representative for the petitioner contended in his appeal that a \$3,000 capital loss deduction claimed on the petitioner's 2002 income tax return was not allowed. The representative claimed that this deduction was not allowed in the auditor's final report.

Upon reviewing the auditor's computations, the Commission finds that this deduction was claimed on the petitioner's return and was not adjusted by the auditor. Therefore, it appears that there is no basis in fact for the representative's contention. Therefore, the relief sought by the petitioner with regard to this issue is denied.

A portion of the adjustments to the petitioner's income was from audit adjustments to a limited liability company in which the petitioner held an interest. One of the adjustments made to the limited liability company's income was to disallow a deduction claimed pursuant to

Internal Revenue Code §179. The representative for the petitioner contended that, even though the § 179 deduction was not correct, ordinary depreciation should have been allowed for the subject property and was not so allowed by the auditor.

Upon reviewing the auditor's adjustments to the income of the limited liability company, the Commission finds that depreciation was allowed by the auditor. Therefore, it also appears that there is no basis in fact for this contention. Accordingly, no adjustment needs to be made to the auditor's computation with regard to this argument.

The petitioner claimed a bad debt deduction in the amount of \$6,028 on her 2002 income tax return. The auditor asked for documentation from the petitioner showing that she had incurred a deductible loss. No such documentation was provided. Therefore, the auditor disallowed this claimed deduction. The petitioner also presented no supporting material during the administrative appeal process. Therefore, the auditor's determination with regard to this issue is also affirmed.

WHEREFORE, the Notice of Deficiency Determination dated November 15, 2004, is hereby APPROVED, AFFIRMED, AND MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the petitioner pay the following taxes and interest (calculated to July 15, 2006):

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	\$ 559	\$105	\$ 664
2003	3,138	424	<u>3,562</u>
		TOTAL DUE	<u>\$4,226</u>

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayer's right to appeal this decision is included with this decision.

DATED this ____ day of _____, 2006.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2006, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]
[REDACTED]

Receipt No.